

KEY BISCAYNE POLICE OFFICERS' & FIREFIGHTERS' RETIREMENT PLAN

Village Council Chambers
560 Crandon Blvd., Key Biscayne, FL 33149
REGULAR MEETING OF JANUARY 27TH, 2011

1. Call to Order – Chairman Michael Haring called the meeting of the Key Biscayne Police Officers' & Firefighters' Retirement Plan to order at 5:42 P.M.

Roll Call

Present

Servando Parapar, Secretary
Michael Haring, Chairman
Jose Monteagudo

Absent

Sherry L. Reed
Steve Liedman

OTHERS PRESENT: Burgess Chambers from Burgess Chambers & Associates, Blake Myton from SunTrust, J. Stephen Palmquist from Gabriel Roeder Smith & Company, P/O David Young, President of the Sgts. Union, Alison S. Bieler, Esq., from Cypen & Cypen, Attorneys for the Fund and Joan L. Wall, Administrator.

2. Additions/Deletions to the Agenda. The calculation was available for the SHARE Plan as calculated by the actuary. The funds available to the SHARE Plan were \$14,637. Jose Monteagudo moved to add this to item #4 of the agenda. Servando Parapar seconded the motion. The motion carried unanimously. After discussion regarding fees to be deducted from the \$14,637 amount, Jose Monteagudo moved to deduct from this \$1,750, which represented fees for performance monitoring for the 2nd and 3rd quarters, leaving a balance of \$12,887 to be transferred to ICMA for the SHARE Plan. Servando Parapar seconded the motion. The motion carried unanimously.

3. Approval of Minutes for November 18th, 2010. Chairman Haring presented the minutes from the previous meeting for approval. Jose Monteagudo moved to approve. Servando Parapar seconded the motion. The motion carried unanimously.

4. Approval of Invoices. Chairman Haring presented the invoices listed on the agenda for approval and payment, including the annual payment to the SHARE Plan. Servando Parapar moved to approve payment. Jose Monteagudo seconded the motion. The motion carried unanimously, authorizing payment of the following:

Burgess Chambers & Associates, Inc., Fourth Qtr Performance Monitoring	\$3,750.00
Burgess Chambers & Associates, Inc., Third Qtr Monitoring (DROP)	\$ 71.73
Burgess Chambers & Associates, Inc., Third Qtr Monitoring (SHARE)	<u>\$ 1,678.27</u>
<u>TOTAL</u>	<u>\$ 5,500.00</u>

Gabriel Roeder Smith & Company, Inv #113907 dated 1/12/11	\$ 1,181.00
Joan L. Wall, Admin., 11/12/10 – 1/13/11, 42 ½ hrs, plus expenses	\$ 1,988.12
Vantagepoint Transfer, Annual Contribution to F/F SHARE Plan	\$12,887.00

5. Approval of DROP Retirement for F/F George May, effective October 1, 2010 in the monthly amount of \$1,022.29. Servando Parapar moved to approve payment. Jose Monteagudo seconded the motion. The motion carried unanimously.

UNFINISHED BUSINESS

6. a) Review/Discussion of Agreement with Trusco (SunTrust) Jose Monteagudo moved to continue the matter until the next meeting when Steve Liedman who had requested discussion of the matter was present. Servando Parapar seconded the motion. The motion carried unanimously.

6. b) Revised DROP Rules & Regulations – Decision as to the amount and the method of calculating the amount to be charged to each DROP account. Jose Monteagudo moved to continue the matter until the next meeting. Servando Parapar seconded the motion. The motion carried unanimously.

NEW BUSINESS

7. a) Blake Myton from SunTrust – Market/Investment Report. Investors were rewarded for taking risk in 2010. A fall equity rally helped all of the major asset classes generate positive returns for 2010, despite significant intra-year volatility. The steep mid-year equity correction reversed in late summer as fears of a double-dip recession faded and the Federal Reserve committed to additional policy steps to enhance liquidity. Fourth quarter economic data was also unambiguous – global growth was reaccelerating after the summer slowdown. The US dollar was mixed in 2010; it strengthened approximately 7% against the euro, but weakened against emerging market currencies.

7. b) Burgess Chambers & Associates

- **Performance Report for Quarter Ending 12/31/10** – Asset allocation as of 12/31/10 was 31.88% fixed income, 1.39% TIPS, 1.02% cash, 18.86% large cap growth, 14.25% large cap value, 9.88% mid cap, 4.70% small cap, 12.94% international and 5.08% REIT for a total market value of \$15,085,449.40. For the quarter, the total Fund earned +6.0% net, in line with the model portfolio. This impressive performance was the result of the strong equity performance achieved in October and November. For the one year period the fund earned +12.2% net versus the model portfolio return of +14.4%. For the five year period the Fund outperformed the benchmark and ranked in the top 23rd percentile.

- **Alternatives to Small Cap Growth** - The small-cap growth product did not achieve its benchmark or the 40th percentile objective for the three or five year periods. BCA has continued to recommend a replacement unless a significant improvement is witnessed over the next several quarters. A preliminary small cap growth search was reviewed.

7. c) Schools & Conferences – FPPTA Trustees’ School, January 30th to February 2nd, 2011 at Renaissance Resort at World Golf Village, St. Augustine, Fl.

7. d) Request from Cypen & Cypen to consider increasing the monthly retainer from \$1,500 to \$2,000. Jose Monteagudo moved to continue the matter until the next meeting. Servando Parapar seconded the motion. The motion carried unanimously.

7. e) J. Stephen Palmquist from Gabriel Roeder Smith

- **Presentation of October 1, 2010 Actuarial Valuation.** The required contribution for the 11/12 year was 11.97% of payroll for the Village, using a credit for baseline State revenue in the amount of \$280,602, and based on the 10/1/10 valuation. For the 10/11 year the required contribution from the Village was 12.75% of payroll, using a credit for baseline State revenue in the amount of \$232,357 and based on the 10/1/09 valuation. The funded ratio had increased from last year’s ratio of 67.8% to 72.1%. The cost for the plan has remained steady.
- **Recommended Assumption Changes.** There have been no revisions in the actuarial assumptions or methods since the last valuation. GRS recommends that the investment return assumption be lowered to no greater than 7.5% and that the assumed mortality rates be changed to a more recent table.

Servando Parapar moved to accept the October 1, 2010 Actuarial Valuation Report. Jose Monteagudo seconded the motion. The motion carried unanimously.

The Village Manager had previously requested that the actuary make a calculation for the plan based on using a Treasury discount rate as mentioned in a recent article entitled “Public Pension Hygiene Act”, as mandated in the private sector. Mr. Palmquist felt this would have no direct impact on our plan and stated that GRS has information available about this on their website.

Mr. Chambers commented that the graph on page 14 of his report should be brought to the Village Manager’s attention.

8. Trustees’ Concerns – The Village Manager had requested attendance of the plan professionals at a Workshop meeting with the Village Council on February 22nd, 2011 at 7 P.M. for an explanation of how our plan works and how our specific plan is doing. The trustees were also asked to attend. Mr. Palmquist, Mr. Chambers and both

attorneys from Cypen & Cypen agreed to attend. The trustees at tonight's meeting will also attend. Attorney Bieler requested that the Village Clerk notice this workshop as the trustees will be in attendance.

9. REPORTS

- **Attorney –**

- Attorney Bieler advised that HB 303 had been withdrawn at the request of PBA representatives who spoke to the State Representative who had placed the bill on the House of Representatives agenda.
- There is nothing new to report on the application for the IRS Determination Letter at this time.

- **Administrator –** None

- **Other -** Included with agenda packages are the following:

- October & November Commission Recapture Reports
- Receipt of Class Action Proceeds \$109.87
- Frontier Capital – 4rd Quarter Appraisal
- 11/15 & 12/15/10 Securities Monitoring Reports

10. Input from Active/Retired Members – None

11. Next Meeting Date/Adjournment. Chairman Haring announced the next regular meeting was scheduled for Thursday, March 24th, 2011 at 5:30 P.M. There being no further business before the board, the meeting was adjourned at 8:05 P.M.

Respectfully submitted,

Servando Parapar, Secretary